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February 27, 1998

REPLY TO: TALLAHASSEE

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GOVERNMENTAL CONSULTANTS:
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PAT GRIFFITH O'CONNELL*
E. CLINT SMAWLEY*
GERALD C. WESTER*
(*NOT A MEMBER OF FLORIDA BAR)

EXECUTIVE DIRECTOR:
J. ANDREW KELLER, III, C.P.A.

Department of State
Division of Corporations
Post Office Box 6327
Tallahassee, Florida 32399

*Amend to
Articles of
Merge*

RE: Plan and Agreement of Merger
Capital Alliance Insurance company, Inc. and Capital Assurance Company, Inc.

Dear Sirs:

Please find enclosed a Plan and Agreement of Merger for the above referenced. Also enclosed is our firm check in the amount of \$140.00 for filing fee and two certified copies.

If you should have any questions, please contact me at 425-1657.

When the documents are ready I will send a runner to pick them up if you will give me a call. Thank you.

Sincerely,

Terri Jay
Terri Jay
Assistant to Travis L. Miller

Name	2/27/98
Availability	
Document Examiner	<i>Don</i>
Updater	<i>Don</i>
Update Verifier	<i>Don</i>
Acknowledgment	<i>Don</i>
W.P. Verifier	<i>Don</i>

/tj
Enc.

RECEIVED
98 FEB 27 AM 9:18
98 FEB 27 PM 2:36
FILED
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

500002445325-5
-03/03/98-01002-024
****140.00 ****140.00

APPROVED

INSURANCE COMMISSIONER
AND TREASURER

FEB 25 1998

By S. St-Maurice
Legal Division

Amended
ARTICLES OF MERGER
OF
CAPITAL ALLIANCE INSURANCE COMPANY, INC.
INTO
CAPITAL ASSURANCE COMPANY, INC.

The undersigned, Capital Alliance Insurance Company, Inc., an Alabama corporation ("Capital Alliance") and Capital Assurance Company, Inc., a Florida Corporation ("Capital Assurance"), pursuant to the laws of Alabama and Florida, hereby adopt the following Amended Articles of Merger for the purpose of merging Capital Alliance with and into Capital Assurance as the surviving corporation:

ARTICLE I

Plan of Merger

The plan of merger by which Capital Alliance will be merged with and into Capital Assurance is set forth in that certain Plan and Agreement of Merger between Capital Alliance and Capital Assurance, dated December 31, 1997 (the "Merger Agreement"), a copy of which is attached hereto and incorporated herein by this reference.

ARTICLE II

Manner of Adoption and Vote

SECTION 1: By Capital Alliance

(a) Action By Directors. The Board of Directors of Capital Alliance, by unanimous written consent as of July 17, 1997, duly adopted resolutions (i) approving the Merger Agreement in principle, and (ii) directing that the Merger Agreement be submitted and approved by the sole shareholder of Capital Alliance.

(b) Action By Shareholders. The sole shareholder of Capital Alliance, by unanimous written consent as of July 17, 1997, duly adopted a resolution approving the Merger Agreement. As the sole shareholder of Capital Alliance approved the Merger Agreement, it was not necessary for the Secretary of Capital Alliance to mail or deliver a notice of the adoption of the Merger Agreement to any other shareholder.

SECTION 2: By Capital Assurance

(a) Action By Directors. The Board of Directors of Capital Assurance, by unanimous written consent as of July 17, 1997, duly adopted resolutions (i) approving the Merger Agreement in principle, and (ii) directing that the Merger Agreement be submitted and approved by the sole shareholder of Capital Assurance.

(b) Action By Shareholders. The sole shareholder of Capital Assurance, by unanimous written consent as of July 17, 1997, duly adopted a resolution approving the Merger Agreement. As the sole shareholder of Capital Assurance approved the Merger Agreement, it was not necessary for the Secretary of Capital Assurance to mail or deliver a notice of the adoption of the Merger Agreement to any other shareholder.

SECTION 3: Compliance with Legal Requirements. The manner of the approval of the Merger Agreement, and the vote by which it was adopted by each of Capital Alliance and Capital Assurance, constitute full compliance with the provisions of the laws of the States of Alabama and Florida, the Articles of Incorporation and By-Laws of Capital Alliance and Capital Assurance, respectively.

These amended articles of merger were adopted by the sole shareholder on February 20, 1998.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the undersigned has caused these Restated & Corrected Articles of Merger to be executed by its duly authorized President and Secretary this 20th day of February, 1998.

CAPITAL ALLIANCE INSURANCE COMPANY, INC.

By: Maria L. Rodriguez-Scott MLR
Maria L. Rodriguez-Scott, President

ATTEST:

Nancy P. Gordon
Nancy P. Gordon, Secretary

STATE OF FLORIDA)
COUNTY OF Dade) SS:

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared Maria L. Rodriguez-Scott and Nancy P. Gordon, the President and Secretary of Capital Alliance Insurance Company, Inc., and being first duly sworn by me upon their oath, say that the facts alleged in the foregoing instrument are true.

Signed and sealed this 20 day of February, 1998.

[SEAL]

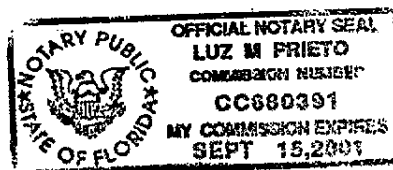
Luiz M Prieto
Notary Public

Commission Expires:

9/15/2001

County of Residence:

Dade



CAPITAL ASSURANCE COMPANY, INC.

By: Maria L. Rodriguez-Scott MR
Maria L. Rodriguez-Scott,
President

ATTEST:

Nancy P. Gordon
Nancy P. Gordon
Secretary

STATE OF FLORIDA)
COUNTY OF Dade) SS:

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared Maria L. Rodriguez-Scott and Nancy P. Gordon, the President and Secretary of Capital Assurance Company, Inc., and being first duly sworn by me upon their oath, say that the facts alleged in the foregoing instrument are true.

Signed and sealed this 20 day of February, 1998.

[SEAL]

Luz M Prieto
Notary Public

Commission Expires:

9/15/2001

County of Residence:

Dade



APPROVED

INSURANCE COMMISSIONER
JAMES W. BARNES

FEB 25 1998

By S. St. Mayfield
Legal Division

PLAN AND AGREEMENT OF MERGER

This Plan and Agreement of Merger (this "Agreement") is made this 31st day of December, 1997, by and between Capital Alliance Insurance Company, Inc., an Alabama corporation (hereinafter sometimes referred to as "Capital Alliance"), and Capital Assurance Company, Inc., a Florida corporation (hereinafter sometimes referred to as "Capital Assurance"), Capital Assurance and Capital Alliance being hereinafter sometimes collectively referred to as the "Constituent Corporations."

WHEREAS, Capital Alliance was incorporated under the laws of the State of Alabama on November 12, 1986, and pursuant to its Articles of Incorporation has authorized capital stock of 2,000,000 shares of Common Stock, with a par value of \$1.00 per share, 1,500,000 shares of which are issued and outstanding and owned by Capital Assurance;

WHEREAS, Capital Assurance was incorporated under the laws of the State of Florida on August 15, 1978, and pursuant to its Articles of Incorporation has authorized capital stock of 23,500 shares of Common Stock, par value of \$100 per share, 23,500 shares of which are issued and outstanding and owned by Skandia America Corporation, a Delaware corporation; and

WHEREAS, the Boards of Directors of the Constituent Corporations deem it advisable and in the best interests of both of the Constituent Corporations and their shareholders that Capital Alliance merge with and into Capital Assurance, pursuant to this Agreement, and pursuant to and in accordance with the applicable provisions of the laws of Alabama and Florida, and pursuant to the prior approvals of the Alabama and Florida Departments of Insurance (the "Merger").

NOW THEREFORE, in consideration of the premises and of the mutual agreements, provisions, and covenants hereinafter contained, and for the purpose of stating the terms and conditions of the Merger, the mode of carrying the same into effect, the effect of the Merger upon the issued and outstanding shares of Capital Stock of each of the Constituent Corporations, and such other details and provisions as are deemed desirable, the parties hereto hereby agree as follows:

1. Merger. In accordance with the provisions of the laws of Alabama and Florida and subject to the terms and conditions hereof, Capital Alliance shall be merged with and into Capital Assurance,

which shall be and is herein referred sometimes to as the "Surviving Corporation."

2. Effective Date. The Merger shall become effective on the date when this Agreement, duly executed and acknowledged, has been filed and recorded in accordance with the laws of the States of Alabama and Florida. The latest recording date shall be the date of such effectiveness and is herein referred to as the "Effective Date."

3. Surviving Corporation. Capital Assurance shall survive the Merger herein contemplated and shall continue to be governed by the laws of Florida, but the separate corporate existence of Capital Alliance shall cease forthwith upon the Effective Date.

4. Articles of Incorporation. The Articles of Incorporation of Capital Assurance shall from and after the Effective Date be and continue to be the Articles of Incorporation of the Surviving Corporation until further amended, altered or repealed as provided therein or as provided by law.

5. By-Laws. The By-Laws of Capital Assurance as in effect on the Effective Date shall from and after the Effective Date be and

continue to be the By-Laws of the Surviving Corporation until changed in accordance with their terms and as provided by law.

6. Board of Directors. The persons who are the directors of Capital Assurance immediately prior to the Effective Date shall serve as the directors of the Surviving Corporation, and in each case until their successors have been duly elected and qualified in accordance with the Articles of Incorporation and By-Laws of the Surviving Corporation.

7. Committees of the Board of Directors. Any committees appointed by the board of directors of Capital Assurance prior to the Effective Date shall become committees of the board of directors of the Surviving Corporation and any members of such committees in office immediately prior to the Effective Date shall become members of such committees of the Surviving Corporation until their successors are appointed in accordance with the By-Laws of the Surviving Corporation and shall have duly qualified.

8. Officers. The names and titles of the officers of the Surviving Corporation immediately after the Effective Date who shall hold office, subject to the By-Laws of the Surviving

Corporation, and until their successors shall be elected and qualified are as follows:

<u>NAME</u>	<u>TITLE</u>
Maria L. Rodriguez-Scott	President
Berth Maas	Chief Executive Officer and Senior Vice President
John D. Marshall	Senior Vice President
Fréd K. Ellis	Vice President
Steven Oswald	Vice President, Chief Financial Officer, Treasurer, and Assistant Secretary
Nancy P. Gordon	Secretary

9. First Annual Meeting of Shareholders. The first annual meeting of shareholders of the Surviving Corporation, for the election of directors and other proper purposes, to be held after the Effective Date, shall be the annual meeting of shareholders provided for in the By-Laws of the Surviving Corporation for the year 1998.

10. Shareholder and Insurance Regulatory Approvals. This Agreement shall be submitted to the shareholders of each of the Constituent Corporations for adoption and approval and shall be submitted to the appropriate state regulators for approval in the States of Alabama and Florida and where else necessary. The

Merger, when approved by the shareholders of the Constituent Corporations, shall still be subject to the appropriate regulatory approvals and shall be filed for recording only when such approvals have been received.

11. Status of Shares of Common Stock of Capital Alliance. The shares of capital stock of Capital Alliance outstanding on the Effective Date and the certificates representing such shares shall be canceled and retired, all rights in respect thereof shall cease to exist, and no shares of capital stock or other securities of the Surviving Corporation shall be issuable with respect thereto.

*Agrees
w/
Order*

12. Status of Shares of Common Stock of Capital Assurance. The Merger shall effect no change in any of the capital stock of Capital Assurance outstanding on the Effective Date; no such capital stock of Capital Assurance shall be converted or exchanged as a result of the Merger; no cash shall be exchangeable, and no shares shall be issuable, with respect to such capital stock of Capital Assurance; and each such share of capital stock of Capital Assurance shall be a share of capital stock of the Surviving Corporation.

13. Assets, Liabilities, Rights, and Obligations. After the Effective Date the separate existence of Capital Alliance shall cease and in accordance with the terms of this Agreement the Surviving Corporation shall possess all the rights, privileges, powers, and franchises, both public and private, and be subject to all the restrictions, disabilities, and duties of each of the Constituent Corporations; and all assets and property, real, personal, and mixed, and all debts due to either of the Constituent Corporations on whatever account, including stock subscriptions, and all other things in action and all and every other interest of or belonging to or due to each of such Constituent Corporation the Surviving Corporation without further act or deed; and all claims, demands, property, rights, privileges, powers and franchises and all and every other interest of either of the Constituent Corporations shall be thereafter the property of the Surviving Corporation, and the title to any real estate or interest herein, vested by deed or otherwise in either of such Constituent Corporations, shall not revert or be in any way impaired by reason of the Merger. The Surviving Corporation shall thenceforth be responsible and liable for all the liabilities and obligations of each of the Constituent Corporations, and any claim existing or action or proceeding pending by or against either of the Constituent Corporations may be prosecuted as if the Merger had not

taken place, or the Surviving Corporation may be substituted in its place. Neither the rights of creditors nor any liens upon the property of either of the Constituent Corporations shall be impaired by the Merger, and all debts, liabilities, and duties of each of the Constituent Corporations shall thenceforth attach to the Surviving Corporation, and may be enforced against it to the same extent as if said debts, liabilities, and duties had been incurred or contracted by it.

14. Further Action. From time to time, as and when requested by the Surviving Corporation or by its successors or assigns, Capital Alliance shall execute and deliver or cause to be executed and delivered all such other instruments, and shall take or cause to be taken all such further or other actions, as the Surviving Corporation, or its successors or assigns, may deem necessary or desirable in order to vest in and confirm to the Surviving Corporation and its successors and assigns, title to and possession of all the property, rights, privileges, powers, and franchises referred to in this Agreement and otherwise to carry out the intent and purposes hereof. The Surviving Corporation and its proper officers and directors thereof are fully authorized to take any and all actions in the name of Capital Alliance or otherwise.

15. Books of Account. The assets and liabilities of the Constituent Corporations, upon the Merger becoming effective, shall be taken upon the books of the Surviving Corporation at the amounts at which they, respectively, shall then be carried on the books of the Constituent Corporations, subject to such adjustments or eliminations of inter-company items as may be appropriate in giving effect to the Merger.

16. Insurance Obligations. Capital Assurance, which is an insurance company domiciled in the State of Florida and also authorized to transact insurance in the State of Alabama, shall handle all insurance claims made against Capital Alliance, pursuant to the requirements of the Code of Alabama, 1975, as amended, and shall handle any and all policyholder inquiries and requests, pursuant to the Code of Alabama, 1975, as amended.

17. Delay, Abandonment and Termination. At any time prior to the filing or recording of this Agreement or other applicable certificate in the manner provided by law with the appropriate officials of Alabama and Florida, notwithstanding the approval hereof by the shareholders of the Constituent Corporations, the boards of directors of the Constituent Corporations may cause the Merger and all transactions contemplated hereby to be abandoned or

delayed if such boards determine that such abandonment or delay would be in the best interests of the Constituent Corporations and their shareholders. In the event of the termination and abandonment of this Agreement and the Merger pursuant to the foregoing provisions of this Section 17, this Agreement shall become void and have no effect, without any liability on the part of either of the Constituent Corporations or its shareholders or directors or officers in respect thereof.

18. Service of Process on Capital Assurance. Capital Assurance agrees that it may be served with process in Alabama in any proceeding for the enforcement of any obligation of Capital Alliance as well as for the enforcement of any obligation of Capital Assurance arising from the Merger, and in any proceeding for the enforcement of the rights of any dissenting shareholder of Capital Alliance. Capital Assurance hereby appoints the Secretary of State of the State of Alabama as its agent for service of process in such proceedings. Capital Assurance further agrees that it will promptly pay to the dissenting shareholders of Capital Alliance the amount, if any, to which they may be entitled under Article 13 of the Alabama Business Corporation Act.

19. Execution in Counterparts. For the convenience of the parties, this Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original instrument but all of which together shall constitute one and the same document.

20. Amendments, Supplements etc. At any time before or after approval and adoption by the shareholders of the Constituent Corporations, this Agreement may be amended in matters of form, or supplemented by additional agreements, articles, or certificates, as may be determined in the judgment of the Boards of Directors of the Constituent Corporations to be necessary, desirable, or expedient to clarify the intention of the parties hereto or to effect or facilitate the filing, recording, or official approval of this Agreement or other applicable certificate as provided by law and the consummation of the Merger provided for herein, in accordance with the purpose and intent of hereof.

IN WITNESS WHEREOF, this Agreement has been duly executed on behalf of each of the Constituent Corporations by its President or a Vice President and the corporate seal of each of such Constituent Corporations has been duly affixed and attested by its Secretary or Assistant Secretary.

Capital Assurance Company, Inc.

[Corporate Seal]

ATTEST:

By: Maria L. Rodriguez-Scott
Name: MARIA L. RODRIGUEZ-SCOTT
Title: PRESIDENT

Wm. P. Gosh
Secretary

Capital Alliance Insurance Company, Inc.

[Corporate Seal]

ATTEST:

By: Maria L. Rodriguez-Scott
Name: MARIA L. RODRIGUEZ-SCOTT
Title: PRESIDENT

Wm. P. Gosh
Secretary